

# Director Briefing with Craig Penty from Guarda Group Holdings Pty Ltd

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In this Director Briefing, Craig Penty, Managing Director of Guarda Group Holdings Pty Ltd, discusses:

- **Guarda's innovative technologies, brands and products making concrete cutting activities and workplaces safer**
- **Mitigating deadly Carbon Monoxide (CO) and Crystalline Silica Dust that saw operators are exposed to**
- **Company Growth and Strategic Focus**

Recently, Eden Exchange spoke to Craig Penty, Managing Director of Guarda Group Holdings Pty Ltd. Guarda is the holding company of several subsidiary companies that develop, manufacture and sell concrete cutting saws and related equipment. The Company also offers safer wall chasing services to domestic builders via the Enviro Chasing brand. Craig explains how Guarda products mitigate deadly Carbon Monoxide

(CO) and Crystalline Silica Dust that saw operators are exposed to. The patents that Guarda products are covered by are highly sought after in both domestic and international markets.

**Eden Exchange**: Thanks for speaking with us, Craig. Firstly, what brought you to the leadership position at Guarda Group Holdings? Can you tell us a bit about your background and experience?

**Craig Penty**: I have spent most of my career in the Oil Industry, firstly with Mobil in New Zealand and then BP (Castrol) in Australia and in Singapore. My most recent role in BP was in lubricants marketing for Castrol, looking after branded products in the Asia Pacific and the Middle East. I left BP and moved to Perth in 2011 to be closer to my wife's family. I became involved with Guarda in 2012, when myself and five others invested in a majority stake in the Company, and I have been working in it ever since.

I want to see the brand become a global success and believe it can achieve this. Brands must be differentiated to be successful in the longer term. This is what attracted me to the business. The technology and brand will underpin the growth of Guarda once target customers realise the benefits of the technology and the advantages it provides over competitor products.



“We are extending the technology via the Guarda brand into more general-purpose concrete cutting applications with the FTR095 Saw, the Fume Tube extraction hose and the soon to be launched Edge Saw.”

**Eden Exchange**: Your products are focused on mitigating the deadly Carbon Monoxide (CO) and Crystalline Silica Dust that operators are exposed to. What

**products and services does Guarda Group Holdings deliver? What triggered the idea for the business?**

**Craig Penty:** The business idea came from the original founder, Steve Terpstra. He built a wall chasing service business in Perth and franchised it. He was concerned about these hazards and believed existing equipment did not address these properly and needed a solution. He came up with a wall chasing saw that mitigated CO, Silica and manual handling issues associated with other equipment.

In 2012, the majority of the business was purchased by myself and five others. Steve remains a shareholder and is head of R&D and product development. We operate the Perth-based wall chasing service within the domestic building industry and are extending the technology via the Guarda brand into more general-purpose concrete cutting applications with the FTR095 Saw, the Fume Tube extraction hose and the soon to be launched Edge Saw.

**Eden Exchange: How do you generate revenue?**

**Craig Penty:** We run a franchised wall chasing operation in Perth servicing the local building industry under the name Envirochasing Services. This business services builders, plumbers and electrical contractors and involves cutting channels (chases) into walls of new home builds for installation of electrical cable and plumbing pipes. Envirochasing Services is growing rapidly as the equipment used by our franchisees is purpose-built for the job and safer than competitor products. We are also expanding into the concrete cutting market through sales of our concrete saws and related equipment to Distributors in Australia, New Zealand and the US.

**Eden Exchange: How are you different from other solutions in the domestic and international markets?**

**Craig Penty:** Our saws use a new combination of technologies to better handle the CO, Silica Dust and manual handling hazards. We utilise technology that removes these hazards at the source whilst the cutting is taking place. A combination of water and vacuum dampens the dust, turning it into a slurry within the blade guard of the saw. This is then automatically vacuumed away whilst cutting and the exhaust fumes are also exited down the same tube.

Competitor products use vacuum or water technology whilst our system uses both for more effective management of the hazards. Independent testing on the new Edge Saw

prototype showed silica dust control vastly superior to measurement studies we have seen on other equipment. The Silica readings were so low that the laboratory equipment was not able to accurately measure them.



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**Eden Exchange:** You recently picked up three major clients. This will effectively more than double 2018 volumes compared with 2017. How important was this? What does your ideal client segmentation look like?

**Craig Penty:** These clients were picked up by our Perth-based wall chasing business. This is a very important development. It will boost local revenues and profit significantly after a tough couple of years in the local market and is the result of growing awareness of the hazards and the publicity around new safety legislation to be introduced later in 2018. Our equipment enables us to offer a safe and compliant service with ease. Other operators using different equipment cannot offer this to the same extent.

Ideally, Envirochasing Services would like to be servicing all of the major building groups in Perth. This is our objective, prior to a national and international approach. We are optimistic about picking up more large clients as other equipment is shown to be unsuitable and our service is viewed as the best combination of safety and efficiency.

**Eden Exchange:** What markets does Guarda Group Holdings focus on? Where do you expect the greatest demand for the products to be from and how has the market response been like to date? What market have you reached so far?

**Craig Penty:** Guarda Group Holdings operates Envirochasing Services in the Perth wall chasing market. There is scope to franchise this business into other countries where the construction methods necessitate wall chasing. For now, this business will focus on consolidation of the Perth market.

The other main business, and where we expect the most growth to come from, is Guarda Systems, which manufactures and sells the FTR095 Saw and the Fume Tube extraction hose. Soon, the revolutionary Edge Saw will be added to this range. We are focusing these products on the professional concrete cutting market with an initial focus on the US and Australia. We are currently in the early stages of marketing to Distributors in these markets, but we need to quickly grow distribution, particularly in the US, to gain scale.



“In the next 3 months we would like to see continued rapid growth of Envirochasing Services”

Most initial growth will come from the US due to the market size and the tough regulations on silica dust which play into our hands. The early market response has been good. We have sold out of the first run of FTR095 Saws and there is eager anticipation from distributors for the launch of the Edge Saw. There is also major potential in Europe and later in Asia.

**Eden Exchange: Guarda Group Holdings has an experienced management and operational team. How important have these appointments been and what opportunities do they create for the Company?**

**Craig Penty:** People are always the key. We have a highly experienced operational manager running the wall chasing business. He is responsible for new business acquisitions, managing the staff and franchisees, new franchisee recruitment and training, quality control and generally developing and growing that business profitably. Customer Service is also critical and we have a dedicated customer contact person in that role.

Steve Terpstra, the original founder, is running R&D and product development. Steve has a unique talent for solving problems that even large multi-national companies have tried and failed at. He has a dedicated product engineer working for him who is also very talented. Collectively, due to our small size, we can be creative and come up with solutions quickly. We can test them and bring them to market fast as we don't have a large decision-making bureaucracy. Steve's solutions are superior to those currently

present in our chosen markets and we have patented these to ensure we can leverage them fully.

**Eden Exchange: What stage of development is Guarda Group Holdings in? How has this evolved since the Company was first launched?**

**Craig Penty:** The Guarda Systems product business is in the early growth stage with a lot of blue sky potential. The wall chasing business is mature but is in a new growth stage due to the impending revised safety legislation and a growing awareness of the hazards associated with wall chasing. Initially, we have focused on consolidating the wall chasing business. After fast initial growth, this business took a hit due to wall chasing operators who were operating with non-compliant equipment and undercutting the market on price.

These illegal operators are now exiting the market as regulations tighten and compliance is being enforced. This is opening up big opportunities for us in Perth. Guarda Group Holdings is now evolving in such a way that the product sales arm is expected to outpace the wall chasing business by 2019. This will be facilitated by the distribution expansion and launch of the Edge Saw later in 2018.



“Our saws use a new combination of technologies to better handle the CO, Silica Dust and Manual Handling hazards.”

**Eden Exchange: What key goals you are focused in the next three months? After that, what are your long-term strategic goals and priorities?**

**Craig Penty:** In the next three months we would like to see continued rapid growth of Envirochasing Services in Perth and expansion of distribution of the FTR095 Saw and

Fume Tube products in the US, Australia and New Zealand. Soon after, we would look to launch the Edge Saw in the US and Australia. Longer term we want to expand distribution of these products further in the US and then into Europe. We also have plans for the extension of the Edge hand saw technology into larger walk-behind floor saws for large concrete cutting jobs. Other products are also planned, and we have a vision for a complete suite of products that work together under the broad idea of hazard reduction and cleaner more sustainable workplaces.

**Eden Exchange: What changes have you seen in your industry over the recent year? How will Guarda capitalise on these trends? What major industry trends do operators in your sector need to be aware of?**

**Craig Penty**: The key trends providing a tailwind for our business are tightening safety regulations and legislation. This is happening in Australia, the US and in many other markets. Recently, the US doubled down on allowable workplace silica dust limits making it much more difficult for equipment to meet these standards. As a result, respirators must now be worn in a lot of cases. The Edge Saw is designed to allow the operator to use the saw without wearing bulky, uncomfortable and expensive respirator kits. Silica dust is getting a lot of attention globally right now, but CO and slurry hazards are also well known and identified risks. Our equipment deals with all of these hazards, so we are well set to capitalise on these trends. In Asia, developing markets are also rapidly adopting stricter safety standards. These markets will develop very quickly to catch up with the western markets in this regard.

**Eden Exchange: What are some of the key achievements you are proud of at Guarda Group Holdings? On the other hand, what challenges do you expect to face?**

**Craig Penty**: We are proud to have come through a very tough time in the local Perth market and to have bounced back successfully by picking up some large accounts recently. We are also proud to have developed technology that makes concrete cutting activities and workplaces safer. Under trying financial conditions, we have developed products that are world beaters at controlling hazards. We have patented them, so we can build and grow a successful business globally.

Key challenges will include building a new brand and developing awareness of the new products and how they work. Building a distribution system in the US will be challenging but rewarding in the long term. A potential challenge comes from competitors copying our technology, but we believe our patents and trademarks are broad and robust.

Managing manufacture and ensuring quality control and protection of our IP will also be critical. Ensuring we hire great people will be essential and one of the most important success factors for us.

**Eden Exchange: What is the ideal profile of the strategic partner you are looking for?**

**Craig Penty**: We would be seeking entrepreneurial partners who are keen to grow with us and try new solutions. A willingness to invest in the ideas and the brand would be critical. We are looking for proactive partners who understand our vision and what we are trying to create.

**Eden Exchange: What is the long term vision for the Guarda brand and product suite? How will you current and planned product roadmap help build your brand and differentiate you in the market?**

**Craig Penty**: In the 2017/18 financial year, much of the growth will come from the Perth-based wall chasing business. However, in the following financial year, sales of Guarda-branded equipment will begin to kick in as we start to add distributors and market our concrete saws and related equipment.

The longer-term vision for the company is to have a suite of products within the concrete industry that work together to mitigate key health and safety hazards and allow for safe and sustainable solutions that are currently not available. Guarda will build its brand based on strong product differentiation. We will utilise our strong technical solutions and patent protection to forge a space within the market that is owned by us.

By focussing initially on a few key products such as the Edge Saw and Fume Tube, we will gain initial traction and build on this over time with other complementary products. The aim is to build strong brand loyalty with a clear and focussed product positioning. This will create awareness, promote repeat purchases and build a loyal user base in the longer term

**Eden Exchange: Where do you see the business in three months and a year from now? After that, what are your longer strategic priorities? What needs to be done before you can scale at the rate you would like to?**

**Craig Penty**: In three months we would like to see a rapidly expanding Envirochasing Services business with solid profitability and new franchisees coming on board. On the

Guarda Systems side, we would be replenishing initial orders of the FTR095 Saw and Fume Tube and would be close to launching the Edge Saw.

After that, we need to keep expanding the footprint of Envirochasing Services in Perth and possibly beyond to selected markets. We would be rapidly expanding product distribution in the US and launching and marketing the Edge saw. At the same time, we would ensure manufacturing was able to scale to keep up with anticipated demand. Ensuring we have the necessary manufacturing capabilities, distribution management and working capital will be critical in order to scale the business rapidly.

**Eden Exchange: Thank you, Craig**

## **About Guarda Group Holdings**



Guarda Group Holdings is the holding company of several subsidiary companies that develop, manufacture and sell concrete cutting saws and related equipment. The Company also offers safer wall chasing services to domestic builders via the Envirochasing brand. Guarda products mitigate deadly Carbon Monoxide (CO) and Crystalline Silica Dust that saw operators are exposed to. Guarda products and services are covered by extensive patents and are highly sought after in both domestic and international markets.

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